



February 20, 2015

SENATE BILL No. 446

DIGEST OF SB 446 (Updated February 17, 2015 1:41 pm - DI 73)

Citations Affected: IC 5-3; IC 5-11; IC 20-26; IC 20-48; IC 36-1; IC 36-2; IC 36-3; IC 36-4; IC 36-5.

Synopsis: Local government financial reporting. Provides that certain political subdivisions may not issue bonds unless: (1) the political subdivision has filed required annual financial reports with the state board of accounts or (in the case of a school corporation) the department of education; and (2) the annual financial reports are prepared in accordance with all generally accepted accounting principles for financial accounting and reporting as established by the Governmental Accounting Standards Board. Provides that these requirements apply only as follows for school corporations: (1) After August 15, 2018, and before August 16, 2019, to a school corporation that has an average daily membership count (ADM) of greater than 25,000. (2) After August 15, 2019, to a school corporation that has an ADM of greater than 15,000. Provides that these requirements apply only as follows for counties and municipalities: (1) After June 30, 2016, and before July 1, 2018, to counties and municipalities with a population greater than 250,000. (2) After June 30, 2018, and before July 1, 2019, to a county with a population greater than 175,000 and to a municipality with a population greater than 100,000. (3) After June 30, 2019, to a county with a population greater than 100,000 and to a municipality with a population greater than 75,000. Provides that the state examiner may waive the requirement that the annual financial report comply with generally accepted accounting principles.

Effective: July 1, 2015.

Holdman, Miller Pete

January 12, 2015, read first time and referred to Committee on Tax & Fiscal Policy.
February 19, 2015, amended, reported favorably — Do Pass.

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February 20, 2015

First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 446

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-3-1-3, AS AMENDED BY P.L.1-2005,
2 SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 3. (a) Within sixty (60) days after the expiration
4 of each calendar year, the fiscal officer of each civil city and town in
5 Indiana shall publish an annual report of the receipts and expenditures
6 of the city or town during the preceding calendar year.
7 (b) Not earlier than August 1 or later than August 15 of each year,
8 the secretary of each school corporation in Indiana shall publish an
9 annual financial report.
10 (c) In the annual financial report the school corporation shall
11 include the following:
12 (1) Actual receipts and expenditures by major accounts as
13 compared to the budget advertised under IC 6-1.1-17-3 for the
14 prior calendar year.
15 (2) The salary schedule for all certificated employees (as defined
16 in IC 20-29-2-4) as of June 30, with the number of employees at

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each salary increment. However, the listing of salaries of individual teachers is not required.

(3) The extracurricular salary schedule as of June 30.

(4) The range of rates of pay for all noncertificated employees by specific classification.

(5) The number of employees who are full-time certificated, part-time certificated, full-time noncertificated, and part-time noncertificated.

(6) The lowest, highest, and average salary for the administrative staff and the number of administrators without a listing of the names of particular administrators.

(7) The number of students enrolled at each grade level and the total enrollment.

(8) The assessed valuation of the school corporation for the prior and current calendar year.

(9) The tax rate for each fund for the prior and current calendar year.

(10) In the general fund, capital projects fund, and transportation fund, a report of the total payment made to each vendor for the specific fund in excess of two thousand five hundred dollars (\$2,500) during the prior calendar year. However, a school corporation is not required to include more than two hundred (200) vendors whose total payment to each vendor was in excess of two thousand five hundred dollars (\$2,500). A school corporation shall list the vendors in descending order from the vendor with the highest total payment to the vendor with the lowest total payment above the minimum listed in this subdivision.

(11) A statement providing that the contracts, vouchers, and bills for all payments made by the school corporation are in its possession and open to public inspection.

(12) The total indebtedness as of the end of the prior calendar year showing the total amount of notes, bonds, certificates, claims due, total amount due from such corporation for public improvement assessments or intersections of streets, and any and all other evidences of indebtedness outstanding and unpaid at the close of the prior calendar year.

(d) The school corporation may provide an interpretation or explanation of the information included in the financial report.

(e) The department of education shall do the following:

(1) Develop guidelines for the preparation and form of the financial report.



(2) Provide information to assist school corporations in the preparation of the financial report.

(f) The annual reports required by this section and IC 36-2-2-19 and the abstract required by IC 36-6-4-13 shall each be published one (1) time only, in accordance with this chapter.

(g) Each school corporation shall submit to the department of education a copy of the financial report required under this section. The department of education shall make the financial reports available for public inspection.

(h) As used in this subsection, "bonds" means any bonds, notes, or other evidences of indebtedness, whether payable from property taxes, other taxes, revenues, fees, or any other source. However, the term does not include notes, warrants, or other evidences of indebtedness that have a maturity of not more than five (5) years and that are made in anticipation of and to be paid from revenues of the school corporation. Notwithstanding any other law, a school corporation as provided in subsection (i) may not issue any bonds unless:

(1) the school corporation has filed the annual financial report required under subsection (b) with the department of education; and

(2) in addition to any information required under subsection (c), the annual financial report filed with the department of education was prepared in accordance with all generally accepted accounting principles for financial accounting and reporting as established by the Governmental Accounting Standards Board. However, upon request of the school corporation to the state examiner, the state examiner may waive the requirement under this subdivision.

The requirements under this subsection for the issuance of bonds by a school corporation are in addition to any other requirements imposed under any other law. This subsection applies to the issuance of bonds authorized under any statute, regardless of whether that statute specifically references this subsection or the requirements under this subsection.

(i) The requirements under subsection (h) apply only to the following:

(1) After August 15, 2018, and before August 16, 2019, the requirements under subsection (h) apply to a school corporation that has an ADM (as defined in IC 20-18-2-2) of greater than twenty-five thousand (25,000).

(2) After August 15, 2019, the requirements under subsection



(h) apply to a school corporation that has an ADM (as defined in IC 20-18-2-2) of greater than fifteen thousand (15,000).

SECTION 2. IC 5-11-1-4, AS AMENDED BY P.L.137-2012, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.

(b) The department of local government finance may not approve the budget of a political subdivision or a supplemental appropriation for a political subdivision until the political subdivision files an annual report under subsection (a) for the preceding calendar year.

(c) As used in this subsection, "bonds" means any bonds, notes, or other evidences of indebtedness, whether payable from property taxes, other taxes, revenues, fees, or any other source. However, the term does not include notes, warrants, or other evidences of indebtedness that have a maturity of not more than five (5) years and that are made in anticipation of and to be paid from revenues of the political subdivision. Notwithstanding any other law, a county or municipality as provided in subsection (d) may not issue any bonds unless:

(1) the county or municipality has filed an annual financial report with the state examiner for the preceding fiscal year; and

(2) the annual financial report filed with the state examiner for the preceding fiscal year was prepared in accordance with all generally accepted accounting principles for financial accounting and reporting as established by the Governmental Accounting Standards Board. However, upon request of the county or municipality, the state examiner may waive the requirement under this subdivision.

The requirements under this subsection for the issuance of bonds by a county or municipality are in addition to any other requirements imposed under any other law. This subsection applies to the issuance of bonds authorized under any statute, regardless of whether that statute specifically references this subsection or the requirements under this subsection.

(d) The requirements under subsection (c) apply only to the



1 following:

2 (1) After June 30, 2016, and before July 1, 2018, the
3 requirements under subsection (c) apply to:

4 (A) a county with a population greater than two hundred
5 fifty thousand (250,000); and

6 (B) a municipality with a population greater than two
7 hundred fifty thousand (250,000).

8 (2) After June 30, 2018, and before July 1, 2019, the
9 requirements under subsection (c) apply to:

10 (A) a county with a population greater than one hundred
11 seventy-five thousand (175,000); and

12 (B) a municipality with a population greater than one
13 hundred thousand (100,000).

14 (3) After June 30, 2019, the requirements under subsection (c)
15 apply to:

16 (A) a county with a population greater than one hundred
17 thousand (100,000); and

18 (B) a municipality with a population greater than
19 seventy-five thousand (75,000).

20 SECTION 3. IC 20-26-7-18, AS AMENDED BY P.L.146-2008,
21 SECTION 467, IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE JULY 1, 2015]: Sec. 18. **Subject to IC 5-3-1-3(h)**, a
23 school corporation may issue and sell bonds under the general statutes
24 governing the issuance of bonds to purchase and improve buildings or
25 lands, or both. All laws relating to approval (if required) in a local
26 public question under IC 6-1.1-20, the filing of petitions,
27 remonstrances, and objecting petitions, giving notices of the filing of
28 petitions, the determination to issue bonds, and the appropriation of the
29 proceeds of the bonds are applicable to the issuance of bonds under
30 sections 17 through 19 of this chapter.

31 SECTION 4. IC 20-48-1-1, AS ADDED BY P.L.2-2006, SECTION
32 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY
33 1, 2015]: Sec. 1. (a) As used in this section, "improvement of real
34 estate" includes:

35 (1) construction, reconstruction, remodeling, alteration, or repair
36 of buildings or additions to buildings;

37 (2) equipment related to activities specified in subdivision (1);
38 and

39 (3) auxiliary facilities related to activities specified in subdivision
40 (1), including facilities for:

41 (A) furnishing water, gas, and electricity;

42 (B) carrying and disposing of sewage and storm and surface



1 water drainage;

2 (C) housing of school owned buses;

3 (D) landscaping of grounds; and

4 (E) construction of walks, drives, parking areas, playgrounds,
5 or facilities for physical training.

6 (b) **Subject to IC 5-3-1-3(h)**, a school corporation is authorized to
7 issue bonds to pay the:

8 (1) cost of acquisition and improvement of real estate for school
9 purposes;

10 (2) funding of judgments;

11 (3) cost of the purchase of school buses; and

12 (4) incidental expenses incurred in connection with and on
13 account of the issuance of the bonds.

14 SECTION 5. IC 36-1-4-9 IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE JULY 1, 2015]: Sec. 9. **Subject to IC 5-11-1-4(c)**, a unit
16 may borrow money.

17 SECTION 6. IC 36-2-6-18 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 18. (a) The county
19 fiscal body may, by ordinance:

20 (1) make loans for the purpose of procuring money to be used in
21 the exercise of county powers and for the payment of county debts
22 other than current running expenses, and, **subject to**
23 **IC 5-11-1-4(c)**, issue bonds or other county obligations to refund
24 those loans;

25 (2) make temporary loans to meet current running expenses, in
26 anticipation of and not in excess of county revenues for the
27 current fiscal year, which shall be evidenced by tax anticipation
28 warrants of the county; and

29 (3) make loans and issue notes under subsection (d).

30 (b) An ordinance authorizing the issuance of bonds under this
31 section must state the purpose for which the bonds are issued and may
32 provide that the bonds:

33 (1) are or are not negotiable;

34 (2) bear interest at any rate;

35 (3) run not longer than twenty (20) years; and

36 (4) mature by installments payable annually or otherwise.

37 (c) An ordinance authorizing the issuance of tax anticipation
38 warrants under this section must:

39 (1) state the total amount of the issue;

40 (2) state the denomination of the warrants;

41 (3) state the time and place payable;

42 (4) state the rate of interest;



(5) state the funds and revenues in anticipation of which the warrants are issued and out of which they are payable; and

(6) appropriate and pledge a sufficient amount of those revenues to the punctual payment of the warrants.

The warrants are exempt from taxation for all purposes.

(d) The county fiscal body may, by ordinance, make loans of money for not more than five (5) years and issue notes for the purpose of refunding those loans. The loans may be made only for the purpose of procuring money to be used in the exercise of the powers of the county, and the total amount of outstanding loans under this subsection may not exceed five percent (5%) of the county's total tax levy in the current year (excluding amounts levied to pay debt service and lease rentals). Loans under this subsection shall be made in the same manner as loans made under subsection (a)(1), except that:

(1) the ordinance authorizing the loans must pledge to their payment a sufficient amount of tax revenues over the ensuing five (5) years to provide for refunding the loans;

(2) the loans must be evidenced by notes of the county in terms designating the nature of the consideration, the time and place payable, and the revenues out of which they will be payable; and

(3) the interest accruing on the notes to the date of maturity may be added to and included in their face value or be made payable periodically, as provided in the ordinance.

Notes issued under this subsection are not bonded indebtedness for purposes of IC 6-1.1-18.5.

(e) If a deficit is incurred for the current running expenses of the county because the total of county revenues for the fiscal year is less than the anticipated total, the county fiscal body shall provide for the deficit in the next county tax levy.

SECTION 7. IC 36-3-4-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 21. (a) The city-county legislative body may, by ordinance, make loans of money for the consolidated city and, **subject to IC 5-11-1-4(c)**, issue bonds for the purpose of refunding those loans. The loans may be made only for the purpose of procuring money to be used in the exercise of the powers of the city and for the payment of city debts.

(b) An ordinance adopted under this section:

(1) must include the terms of the bonds to be issued in evidence of the loan;

(2) must include the time and manner of giving notice of the sale of the bonds;

(3) must include the manner in which the bonds will be sold; and



- 1 (4) may authorize a total amount for any issue of bonds.
- 2 (c) Bonds issued under this section may be sold in parcels of any
- 3 size and at any time their proceeds are needed by the city.
- 4 (d) Bonds issued and sold by the city under this section:
- 5 (1) are negotiable with or without registration, as may be provided
- 6 by the ordinance authorizing the issue;
- 7 (2) may bear interest at any rate;
- 8 (3) may run not longer than thirty (30) years;
- 9 (4) may contain an option allowing the city to redeem them in
- 10 whole or in part at specified times prior to maturity; and
- 11 (5) may be sold for not less than par value.
- 12 (e) The fiscal officer of the consolidated city shall:
- 13 (1) manage and supervise the preparation, advertisement,
- 14 negotiations, and sale of bonds under this section, subject to the
- 15 terms of the ordinance authorizing the sale;
- 16 (2) deliver them to the county treasurer after they have been
- 17 properly executed and shall take his receipt for them; and
- 18 (3) when a contract for the sale of all or any part of the bonds is
- 19 consummated, certify to the county treasurer the amount the
- 20 purchaser is to pay, together with the name and address of the
- 21 purchaser.
- 22 The county treasurer shall then receive from the purchaser the amount
- 23 certified by the fiscal officer, deliver the bonds to the purchaser, and
- 24 take the purchaser's receipt for the bonds. The fiscal officer and county
- 25 treasurer shall then report the proceedings in the sale to the legislative
- 26 body. However, if the county treasurer is not present to receive the
- 27 properly executed bonds from the fiscal officer or to issue the bonds,
- 28 the fiscal officer shall perform his duties under this subsection.
- 29 SECTION 8. IC 36-4-6-19 IS AMENDED TO READ AS
- 30 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 19. (a) The legislative
- 31 body may, by ordinance, make loans of money and, **subject to**
- 32 **IC 5-11-1-4(c)**, issue bonds for the purpose of refunding those loans.
- 33 The loans may be made only for the purpose of procuring money to be
- 34 used in the exercise of the powers of the city or for the payment of city
- 35 debts.
- 36 (b) An ordinance adopted under this section:
- 37 (1) must include the terms of the bonds to be issued in evidence
- 38 of the loan;
- 39 (2) must include the time and manner of giving notice of the sale
- 40 of the bonds;
- 41 (3) must include the manner in which the bonds will be sold; and
- 42 (4) may authorize a total amount for any issue of bonds.



(c) Bonds issued under this section may be sold in parcels of any size and at any time their proceeds are needed by the city.

(d) Bonds issued and sold by a city under this section:

- (1) are negotiable with or without registration, as may be provided by the ordinance authorizing the issue;
- (2) may bear interest at any rate;
- (3) may run not longer than thirty (30) years;
- (4) may contain an option allowing the city to redeem them in whole or in part at specified times prior to maturity; and
- (5) may be sold for not less than par value.

(e) The city fiscal officer shall:

- (1) manage and supervise the preparation, advertisement, negotiations, and sale of bonds under this section, subject to the terms of the ordinance authorizing the sale;
- (2) certify the amount the purchaser is to pay, together with the name and address of the purchaser;
- (3) receive the amount of payment certified;
- (4) deliver the bonds to the purchaser;
- (5) take a receipt for the securities delivered;
- (6) pay the purchaser's payment into the city treasury; and
- (7) report the proceedings in the sale to the legislative body.

The actions of the fiscal officer under this subsection are ministerial.

SECTION 9. IC 36-5-2-11, AS AMENDED BY P.L.146-2008, SECTION 708, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 11. (a) **Subject to IC 5-11-1-4(c)**, the legislative body may issue bonds for the purpose of procuring money to be used in the exercise of the powers of the town and for the payment of town debts. However, a town may not issue bonds to procure money to pay current expenses.

(b) Bonds issued under this section are payable in the amounts and at the times determined by the legislative body.

(c) Bonds issued under this section are subject to the provisions of IC 5-1 and IC 6-1.1-20 relating to the following:

- (1) The filing of a petition requesting the issuance of bonds and giving notice of the petition.
- (2) The giving of notice of a hearing on the appropriation of the proceeds of bonds.
- (3) The right of taxpayers to appear and be heard on the proposed appropriation.
- (4) The approval of the appropriation by the department of local government finance.
- (5) The right of:



- 1 (A) taxpayers and voters to remonstrate against the issuance of
 2 bonds in the case of a proposed bond issue described by
 3 IC 6-1.1-20-3.1(a); or
 4 (B) voters to vote on the issuance of bonds in the case of a
 5 proposed bond issue described by IC 6-1.1-20-3.5(a).
 6 (6) The sale of bonds at public sale for not less than their par
 7 value.
 8 (d) The legislative body may, by ordinance, make loans of money
 9 for not more than five (5) years and issue notes for the purpose of
 10 refunding those loans. The loans may be made only for the purpose of
 11 procuring money to be used in the exercise of the powers of the town,
 12 and the total amount of outstanding loans under this subsection may not
 13 exceed five percent (5%) of the town's total tax levy in the current year
 14 (excluding amounts levied to pay debt service and lease rentals). Loans
 15 under this subsection shall be made as follows:
 16 (1) The ordinance authorizing the loans must pledge to their
 17 payment a sufficient amount of tax revenues over the ensuing five
 18 (5) years to provide for refunding the loans.
 19 (2) The loans must be evidenced by notes of the town in terms
 20 designating the nature of the consideration, the time and place
 21 payable, and the revenues out of which they will be payable.
 22 (3) The interest accruing on the notes to the date of maturity may
 23 be added to and included in their face value or be made payable
 24 periodically, as provided in the ordinance.
 25 Notes issued under this subsection are not bonded indebtedness for
 26 purposes of IC 6-1.1-18.5.



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 446, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 11.

Page 3, line 27, delete "after".

Page 3, line 28, delete "August 15, 2016,".

Page 3, line 28, after "corporation" insert **"as provided in subsection (i)"**.

Page 3, line 38, after "." insert **"However, upon request of the school corporation to the state examiner, the state examiner may waive the requirement under this subdivision."**

Page 4, between lines 2 and 3, begin a new paragraph and insert:

"(i) The requirements under subsection (h) apply only to the following:

(1) After August 15, 2018, and before August 16, 2019, the requirements under subsection (h) apply to a school corporation that has an ADM (as defined in IC 20-18-2-2) of greater than twenty-five thousand (25,000).

(2) After August 15, 2019, the requirements under subsection (h) apply to a school corporation that has an ADM (as defined in IC 20-18-2-2) of greater than fifteen thousand (15,000)."

Page 4, line 23, delete "after" and insert **"a county or municipality as provided in subsection (d)"**.

Page 4, delete line 24.

Page 4, line 26, delete "political subdivision" and insert **"county or municipality"**.

Page 4, line 33, after "." insert **"However, upon request of the county or municipality, the state examiner may waive the requirement under this subdivision."**

Page 4, line 35, delete "political subdivision" and insert **"county or municipality"**.

Page 4, between lines 39 and 40, begin a new paragraph and insert:

"(d) The requirements under subsection (c) apply only to the following:

(1) After June 30, 2016, and before July 1, 2018, the requirements under subsection (c) apply to:

(A) a county with a population greater than two hundred fifty thousand (250,000); and

(B) a municipality with a population greater than two



hundred fifty thousand (250,000).

(2) After June 30, 2018, and before July 1, 2019, the requirements under subsection (c) apply to:

(A) a county with a population greater than one hundred seventy-five thousand (175,000); and

(B) a municipality with a population greater than one hundred thousand (100,000).

(3) After June 30, 2019, the requirements under subsection (c) apply to:

(A) a county with a population greater than one hundred thousand (100,000); and

(B) a municipality with a population greater than seventy-five thousand (75,000).".

Page 10, delete lines 5 through 42.

Delete page 11.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 446 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 7, Nays 2.

